

AMENDED IN ASSEMBLY JULY 16, 2003

AMENDED IN ASSEMBLY JUNE 26, 2003

AMENDED IN SENATE JUNE 3, 2003

AMENDED IN SENATE MAY 21, 2003

SENATE BILL

No. 588

Introduced by Senator Johnson

February 20, 2003

An act to amend Section 33128 of, and to add and repeal Section 17463.5 of, the Education Code, relating to school finance.

LEGISLATIVE COUNSEL'S DIGEST

SB 588, as amended, Johnson. Education finance.

(1) Existing law, the Leroy F. Greene School Facilities Act of 1998 (the Greene Act of 1998), requires the State Allocation Board to allocate to applicant school districts, prescribed per-unhoused-pupil state funding for construction and modernization of school facilities, including hardship funding, and supplemental funding for site development and acquisition.

Existing law requires a school district to use the funds derived from the sale of surplus property for capital outlay or for costs of maintenance of school district property that the governing board of the school district determines will not recur within a 5-year period. Existing law authorizes a school district having an average daily attendance of less than 10,001 in any fiscal year to deposit any and all interest earned on those funds into the general fund of the district if the district meets certain conditions.

This bill would, notwithstanding any other provision of law, and until January 1, 2006, authorize a school district to sell, sell back, lease, or leaseback certain surplus real and personal property, as provided, to deposit the proceeds into the general fund of the school district or county office of education, and to use the proceeds from ~~this~~ *that* transaction for any general fund purpose, *however, if the purchase of the property was made using the proceeds of a general obligation bond act or revenue derived from developer fees, the amount that may be deposited into the general fund of the school district or county office of education may not exceed the difference between the purchase price of the property and the proceeds of the transaction divided by the amount of the proceeds of the transaction, as defined.*

(2) Existing law requires the State Board of Education to adopt standards and criteria to be used by local educational agencies in the development of annual budgets and the management of subsequent expenditures from that budget. Existing law requires those standards and criteria to include comparisons and reviews of reserves and fund balances.

This bill would require the standards and criteria adopted for calculating a reserve to be based on a minimum amount or a percentage of the local educational agency's total expenditures from unrestricted resources, transfers out, and other uses. The bill would make conforming changes.

(3) Existing law prohibits the State Board of Education from adopting standards and criteria for a budget reserve for economic uncertainties in excess of 1% of a school district's total expenditures, transfers out, and other uses of the school district for specified school districts, if the school district has agreed to a budget reserve of 1%. Existing law makes this prohibition inoperative on July 1, 2004, and repealed on January 1, 2005.

This bill would make that prohibition inoperative on July 1, 2005, and repealed on January 1, 2006.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:



1 (a) California faces an unprecedented fiscal crisis, and the
2 Legislative Analyst projects that the state will experience
3 operating deficits of \$12 billion to \$16 billion every year, unless
4 significant cuts in state spending are implemented.

5 (b) In a time of fiscal crisis, it is necessary for the state and local
6 agencies to examine the priorities that are essential to the core of
7 each agency's function.

8 (c) Public schools maintaining kindergarten and grades 1 to 12,
9 inclusive, must be given relief from restrictive and costly state
10 mandates so that school districts will have the operational and
11 fiscal flexibility to manage their budgets within the context of the
12 current budget crisis.

13 SEC. 2. Section 17463.5 is added to the Education Code, to
14 read:

15 17463.5. (a) Notwithstanding any other law, a school district
16 may sell, sell back, lease, or leaseback, surplus real property,
17 together with any personal property located thereon, owned by the
18 district for at least 20 years, to any nonprofit, for profit, or
19 governmental entity; may deposit the proceeds thereof into the
20 general fund of the school district or county office of education;
21 and may use the proceeds from the sale, sale back, lease, or
22 leaseback for any general fund purpose. *If the purchase of the*
23 *property was made using the proceeds of a general obligation bond*
24 *act or revenue derived from developer fees, the amount of the*
25 *proceeds of the transaction that may be deposited into the general*
26 *fund of the school district or county office of education may not*
27 *exceed the percentage computed by the difference between the*
28 *purchase price of the property and the proceeds from the*
29 *transaction, divided by the amount of the proceeds of the*
30 *transaction. For the purposes of this section, proceeds of the*
31 *transaction means either of the following, as appropriate:*

32 (1) *The amount realized from the sale of property after*
33 *reasonable expenses related to the sale.*

34 (2) *For any transaction, such as a lease of property, that does*
35 *not result in a lump sum payment of the proceeds of the transaction,*
36 *the proceeds of the transaction shall be calculated as the net*
37 *present value of the future cashflow generated by the transaction.*

38 (b) A school district that purchased real property, together with
39 any personal property located thereon, entirely with local funds

1 may use the authority granted under subdivision (a) regardless of
2 the length of time the district has owned the property.

3 (c) This section is repealed on January 1, 2006, unless a later
4 enacted statute that becomes operative on or before January 1,
5 2006, deletes or extends the date on which it is repealed.

6 SEC. 3. Section 33128 of the Education Code, as amended by
7 Section 6.5 of Chapter 1168 of the Statutes of 2002, is amended
8 to read:

9 33128. (a) The standards and criteria to be adopted by the
10 State Board of Education pursuant to Section 33127 shall include,
11 but not be limited to, comparisons and reviews of all of the
12 following:

13 (1) Average daily attendance.

14 (2) Revenues and expenditures.

15 (3) Reserves and fund balance.

16 (4) Multiyear commitments.

17 (b) The standards and criteria adopted by the State Board of
18 Education for calculating a reserve shall be based on a minimum
19 amount or a percentage of the local educational agency's total
20 expenditures from unrestricted resources, transfers out, and other
21 uses.

22 (c) Notwithstanding paragraph (3) of subdivision (a), the State
23 Board of Education shall not adopt standards and criteria for a
24 budget reserve for economic uncertainties in excess of 1 percent
25 of a school district's total expenditures from unrestricted
26 resources, transfers out, and other uses of the school district for a
27 school district that has an average daily attendance greater than
28 125,000 if the school district has, by an affirmative vote of its
29 governing board, agreed to a budget reserve of 1 percent.

30 (d) For the purposes of this section, "transfers out" and "other
31 uses" of the school district have the same meaning as set forth in
32 the California School Accounting Manual.

33 (e) This section shall become inoperative on July 1, 2005, and,
34 as of January 1, 2006, is repealed, unless a later enacted statute,
35 that becomes operative on or before January 1, 2006, deletes or
36 extends the dates on which it becomes inoperative and is repealed.

37 SEC. 4. Section 33128 of the Education Code, as amended by
38 Section 6.7 of Chapter 1168 of the Statutes of 2002, is amended
39 to read:

1 33128. (a) The standards and criteria to be adopted by the
2 State Board of Education pursuant to Section 33127 shall include,
3 but not be limited to, comparisons and reviews of all of the
4 following:

- 5 (1) Average daily attendance.
- 6 (2) Revenues and expenditures.
- 7 (3) Reserves and fund balance.
- 8 (4) Multiyear commitments.

9 (b) The standards and criteria adopted by the State Board of
10 Education for calculating a reserve shall be based on a minimum
11 amount or a percentage of the local educational agency's total
12 expenditures from unrestricted resources, transfers out, and other
13 uses.

14 (c) For purposes of this section, "transfers out" and "other
15 uses" have the same meaning as set forth in the California School
16 Accounting Manual

17 (d) This section shall become operative on July 1, 2005.

